

Status Update
Endowment Reform Review Task Force
December 20, 2005

Five meetings completed

- Next meeting January 6, 2006

Key issues and next steps:

- **Finalize CPI legislation:** Technical adjustment to clarify calculation of inflation protection of permanent fund (gain benchmark)
 - January 6, 2006 for introduction in this legislative session
- **Vette Asset Management Plan** (i.e. the standards by which performance is measured, the principles that guide where to invest or divest)
 - From January to April, Task force members work with Dept. of Lands to refine current rough draft
 - Review conceptual framework with the EFIB and the Land Board in May to confirm general direction
 - Present at Lands staff retreat in July for refinement, buy-in
 - Land Board approval of final plan in September, 2006
- **Legislative package for improved land management practices**
 - Identify outstanding issues by September
 - Complete drafting by December, 2006 for introduction in January, 2007
- **Enhance forecasts** of the level of the Earnings Reserve funds, estimate risk of shortfalls
 - Update the forecast by February, 2006
 - Recommend proposed level of spending for FY2008 at August 2006 Land Board meeting
- **Test different approaches to spending policy.** Is “X% of the last three years’ permanent fund balances” the most appropriate? Is a different policy for each endowment necessary?
 - Brainstorm options, present most promising at August 2006 meeting

- **Develop plan(s) to consolidate trust holdings**, including 1) valuation and pooling of smaller endowments, 2) roughly right valuation of all endowments (exclu. Public Schools), confirmed by U.S. Congress, 3) examine options to accomplish significant swapping/blocking of existing land tracts
 - Develop pros/cons/obstacles for each approach by June
 - Present conceptual plan to Lands staff at July retreat
 - Determine what resources are required for implementation, obtain Land Board approval of next steps in November
 - Introduce necessary legislation in January, 2007

Spending Policy discussion with JFAC

- February 7 – EFIB presentation to JFAC re: agency budget, discussion of spending policy
 - Roles of the Land Board, the EFIB and the Legislature in setting spending policy
 - Issues being addressed by Reform Review Task Force
 - What drives the spending policy
 - How the approved policy for FY2007 was determined
- February 14 – Land Board meeting with JFAC (tentative)